



ORIGINAL

BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

MIKE GLEASON, Chairman  
WILLIAM A. MUNDELL  
JEFF HATCH-MILLER  
KRISTIN K. MAYES  
GARY PIERCE

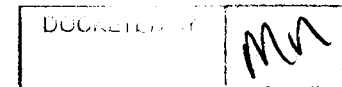
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AZ CORP COMMISSION  
DOCKET CONTROL

Arizona Corporation Commission

DOCKETED

OCT -7 2008



IN THE MATTER OF THE APPLICATION OF  
CHAPARRAL CITY WATER COMPANY, INC.,  
AN ARIZONA CORPORATION, FOR A  
DETERMINATION OF THE FAIR VALUE OF  
ITS UTILITY PLANT AND PROPERTY AND  
FOR INCREASES IN ITS RATES AND CHARGES  
FOR UTILITY SERVICE BASED THEREON.

DOCKET NO. W-02113A-07-0551

PROCEDURAL ORDER

BY THE COMMISSION:

On September 26, 2007, Chaparral City Water Company, Inc. ("Company" or "CCWC") filed with the Arizona Corporation Commission ("Commission") an application for a rate increase, requesting a 41.14 percent revenue increase.

On October 26, 2007, the Commission's Utilities Division ("Staff") filed a letter stating that the application was found sufficient and classifying the Applicant as a Class A utility.

By Procedural Order issued November 30, 2007, a hearing was set on the application to commence on July 8, 2008. The Procedural Order also set associated procedural deadlines, including deadlines for public notice of the application and the hearing.

On December 7, 2007, the Company filed a Request to Modify Procedural Schedule, requesting a continuation of the hearing due to a conflict on the part of counsel.

On December 19, 2007, an Amended Rate Case Procedural Order was issued continuing the hearing to July 21, 2008.

On January 3, 2008, Staff filed a Motion to Suspend Time Clock.

On January 8, 2008, CCWC filed its Response in Opposition to the Utilities Division's Motion to Suspend Time Clock.

1 On January 10, 2008, RUCO filed its Response to the Utilities Division's Motion to Suspend  
2 Time Clock.

3 On January 14, 2008, Staff filed its Reply to Company's Response to Staff's Motion to  
4 Suspend Time Clock.

5 On January 22, 2008, a Procedural Order was issued continuing the hearing pursuant to  
6 A.A.C. R14-3-103(B)(11) (the Commission's "Time Clock Rule"), and ordering that the hearing  
7 would be reset to continue as soon as practicable following the Commission's final order in Docket  
8 No. W-02113A-04-0616, a pending matter in which the rates of CCWC were also being considered.

9 On January 24, 2008, the Company filed a Motion for Reconsideration by the Commission of  
10 Procedural Order Staying Rate Application.

11 On January 28, 2008, Staff filed Staff's Response to Chaparral City Water Company's Motion  
12 for Reconsideration.

13 On June 30, 2008, a Recommended Opinion and Order for Commission consideration was  
14 filed in Docket No. W-02113A-04-0616.

15 On July 7, 2008, the Company filed a Notice of Implementation of Interim Rates Pursuant to  
16 A.R.S. § 40-256.

17 On July 8, 2008, RUCO filed RUCO's Opposition to the Company's Implementation of  
18 Interim Rates and Motion to Prohibit the Company from Implementing Interim Rates.

19 On July 11, 2008, the Company filed a Notice of Postponement of Implementation of Interim  
20 Rates Pursuant to A.R.S. § 40-256.

21 On July 16, 2008, Staff filed Staff's Response to the Company's Notice of Implementation of  
22 Interim Rates Pursuant to A.R.S. § 40-256 and Notice of Postponement.

23 On July 17, 2008, at an Open Meeting of the Commission, the Commission voted to adopt, as  
24 amended, the Recommended Opinion and Order filed in Docket No. W-02113A-04-0616 on June 30,  
25 2008.

26 On July 18, 2008, a Procedural Order was issued setting a procedural conference for the  
27 purpose of allowing the parties to discuss an appropriate procedural schedule, including the resetting  
28

1 of a hearing date so that the case can proceed as quickly as possible, and to discuss the Company's  
2 filings regarding the implementation of interim rates.

3 On July 21, 2008, the Procedural Conference was convened as scheduled. Counsel for the  
4 Company, RUCO and Staff appeared. The parties discussed procedural deadlines for the filing of  
5 Staff and intervenor direct testimony and also briefly discussed their positions regarding the  
6 Company's filings regarding implementation of interim rates. Counsel for RUCO withdrew its  
7 Motion to Prohibit the Company from Implementing Interim Rates.

8 On July 24, 2008, a Second Amended Rate Case Procedural Order was issued, scheduling the  
9 hearing on the application to commence on December 8, 2008, and setting new associated procedural  
10 deadlines, including an intervention deadline of September 15, 2008.

11 On September 4, 2008, the Company filed its Notice of Filing Certification of Publication and  
12 Proof of Mailing, indicating that the Company mailed notice of the application and hearing to its  
13 customers on August 14, 2008, and published notice on August 6 and 13, 2008, in the *Fountain Hills*  
14 *Times*.

15 Following mailing and publication of notice, the Commission has received numerous  
16 customer comments expressing opposition to the level of the Company's proposed 41.14 percent  
17 revenue increase.

18 On September 8, 2008, the Company filed a Motion for Approval of Interim Rates (Expedited  
19 Action Requested) requesting an interim revenue increase of 18.12 percent.

20 On September 12, 2008, the Company filed a Request for Procedural Conference. In that  
21 filing, the Company indicated that the Company, Staff and RUCO had agreed that responses to the  
22 Company's September 8, 2008 Motion for Approval of Interim Rates would be filed on or before  
23 September 23, 2008.

24 On September 15, 2008, Pacific Life Insurance Company dba Eagle Mountain Golf Club filed  
25 a Motion to Intervene, which was granted by Procedural Order issued September 26, 2008.

26 On September 23, 2008, Staff filed its Response to the Company's Motion for Approval of  
27 Interim Rates.

1 Also on September 23, 2008, RUCO filed its Opposition to the Company's Motion for  
2 Approval of Interim Rates.

3 On September 30, 2008, Staff filed a Request for Extension of Time. Therein Staff requested  
4 an extension of time from September 30, 2008, to noon on October 3, 2008, for the filing of Staff's  
5 direct testimony due to the unforeseen circumstance of a medical emergency regarding a member of  
6 Staff. Staff's request stated that counsel for the Company agreed to the extension of time, subject to  
7 the extension of subsequent due dates.

8 On September 30, 2008, a Procedural Order Extending Filing Deadlines was issued granting  
9 Staff's request for an extension of time from September 30, 2008, to noon on October 3, 2008, for the  
10 filing of Staff's direct testimony, and extending the subsequent due dates proposed by the Company.

11 Also on September 30, 2008, the Company filed its Reply in Support of Motion for Approval  
12 of Interim Rates.

13 Also on September 30, 2008, RUCO filed the direct testimony of its witnesses in this  
14 proceeding, recommending a permanent revenue increase of 14.15 percent.

15  
16 On October 2, 2008, the Company filed its Second Request for Procedural Conference  
17 (Expedited Action Requested). Therein, the Company states that the filing of direct testimony by  
18 Staff and RUCO "should eliminate the need for any protracted hearing or other proceedings by  
19 providing evidence regarding whether the Company's interim rates are reasonable." The Company  
20 further states that in the alternative to scheduling a procedural conference to set necessary procedural  
21 dates, including the scheduling of a hearing at the earliest possible time, the Company is not opposed  
22 to the Commission scheduling a hearing on this matter without first holding a procedural conference.  
23 Alternatively, the Company states that "the Commission could simply authorize the Company's  
24 request for interim rate relief."

25 On October 3, 2008, Staff filed the direct testimony of its witnesses in this proceeding,  
26 recommending a permanent revenue increase of 23.30 percent.

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1 A procedural conference should be scheduled to allow the parties to discuss the Company's  
2 Motion for Approval of Interim Rates.

3 IT IS THEREFORE ORDERED that a **procedural conference** in the above-captioned matter  
4 shall commence on **October 20, 2008, at 10:00 a.m.** or as soon thereafter as is practical, at the  
5 Commission's offices, Hearing Room 1, 1200 West Washington Street, Arizona 85007, for the  
6 purpose of allowing the parties to discuss the Company's Motion for Approval of Interim Rates.

7 IT IS FURTHER ORDERED that all parties must comply with Rules 31 and 38 of the Rules  
8 of the Arizona Supreme Court and A.R.S. § 40-243 with respect to practice of law and admission *pro*  
9 *hac vice*.

10 IT IS FURTHER ORDERED that withdrawal of representation must be made in compliance  
11 with A.A.C. R14-3-104(E) and Rule 1.16 of the Rules of Professional Conduct (under Rule 42 of the  
12 Rules of Arizona Supreme Court). Representation before the Commission includes appearances at all  
13 hearings and procedural conferences, as well as all Open Meetings for which the matter is scheduled  
14 for discussion, unless counsel has previously been granted permission to withdraw by the  
15 Administrative Law Judge or the Commission.

16 IT IS FURTHER ORDERED that the Ex Parte Rule (A.A.C. R14-3-113 - Unauthorized  
17 Communications) continues to apply to this proceeding and shall remain in effect until the  
18 Commission's Decision in this matter is final and non-appealable.

19 IT IS FURTHER ORDERED that the time periods specified herein shall not be extended  
20 pursuant to Rule 6(a) or (e) of the Rules of Civil Procedure.

21 IT IS FURTHER ORDERED that the Administrative Law Judge may rescind, alter, amend,  
22 or waive any portion of this Procedural Order either by subsequent Procedural Order or by ruling at  
23 hearing.

24 DATED this 7<sup>th</sup> day of October, 2008.

25  
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27  
28  
  
TEENA WOLFE  
ADMINISTRATIVE LAW JUDGE

Copies of the foregoing mailed/delivered  
this 7<sup>th</sup> day of October, 2008, to:

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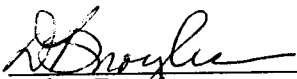
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